



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

July 9, 1996

CERTIFIED RETURN RECEIPT
P 074 978 999

Melvin R. Swanson
Kelmine Corporation
2051 Swanson Circle
Moab, Utah 84532

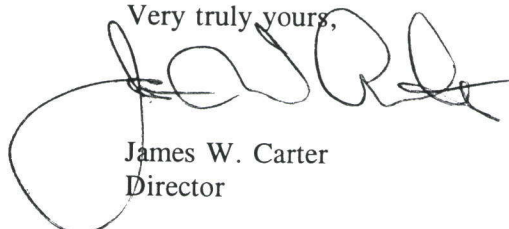
Re: Formal Release of Large Mining Operations, Kelmine Corporation, Cub Mine, M/037/044, San Juan County, Utah

Dear Mr. Swanson:

On June 12, 1996, Division and BLM staff inspected the Cub Mine site (copy of Division inspection memo enclosed). The areas inspected included the mine portal area and adjacent regraded dump, the access road up to the vent shaft, and the vent shaft area itself. The reclamation of these areas satisfies the reclamation requirements of the Division. In addition, we received a voice mail message from you stating the metal plate marking the vent shaft has now been removed. We have received a copy of the BLM's letter of June 21, 1996, stating they are also satisfied with the reclamation of the site and recommending full surety release (copy enclosed). Therefore, by this letter, the Division hereby releases Kelmine Corporation from further reclamation responsibilities at the Cub Mine site as described in Division file M/037/044. Enclosed is the original surety bond #NB 745181 with Home Indemnity Company in the amount of \$11,008 for your disposal. We will now close out our large mine operations file for the Cub Mine.

If you have any questions or concerns regarding this action, please notify me, Wayne Hedberg or Tony Gallegos of the Minerals Reclamation staff. Thank you for your cooperation in reclaiming this site. Best wishes in your future mining ventures.

Very truly yours,



James W. Carter
Director

jb

Enclosures: DOGM 6/12/96 insp. memo, BLM 6/21/96 letter, Surety Bond

cc: Sal Venticinque, BLM, Grand RA

Lowell Braxton, DOGM

M037044.ret



FINANCE INSURANCE AGENCY, INC.

CHARLES E MITTON
PRESIDENT
D E SKOTHELEN
VICE PRESIDENT

DENVER, COLORADO 802061

PHONE 399-1310

2801 EAST COLFAX
AVENUE

August 28, 1979



ACT 03-71044

Mr. Ronald Daniels
Department of Natural Resources
Division of Oil, Gas, and Mining
1588 West North Temple
Salt Lake City, Utah 84116

Dear Mr. Daniels:

Re: Home Indemnity Co. Bond
Kelmine Corporation
4901 York St.
Denver, Colorado 80216

We are enclosing the captioned bond for filing in connection with mining operations at the Cub Mine in San Juan County, and trust it will be found in order.

Very sincerely,

FINANCE INSURANCE AGENCY, INC.

Lorene Mountain
Lorene Mountain

LM
cc Kelmine Corporation

Personal Claim Service

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

THE MINED LANDS RECLAMATION ACT

BOND

KNOW ALL MEN BY THESE PRESENCE, that the undersigned KELMINE CORPORATION
4901 York St.
Denver, Colo. 80216 as principal, and THE HOME INDEMNITY COMPANY as
surety, are held and firmly bound unto the State of Utah, Division of Oil, Gas,
and Mining, in the penal sum of ELEVEN THOUSAND EIGHT & 10/100 dollars (\$11,008.10)
for the payment of which sum, will and truly be made, we hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and
assigns.

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH that whereas the above
named principal did on the 15 day of April 19 79, file with the
Division of Oil, Gas, and Mining a "Notice of Intention to Commence Mining
Operations" and a "Mining and Reclamation Plan", to secure authorization to en-
gage in mining operations in the State of Utah, under the terms and provisions
of the Mined Land Reclamation Act; that in said Notice the principal estimated
that 11 acres of land will be affected by mining. Said land is de-
scribed as follows in Exhibit "A" attached hereto.

(Cub Mine, San Juan County, Utah, #ACT/037/044)

NOW, if the said principal shall satisfactorily reclaim the above men-
tioned lands affected by mining by said principal in accordance with the Mining
and Reclamation Plan and shall faithfully perform all requirements of the Mined
Land Reclamation Act, and comply with the Rules and Regulations adopted in ac-
cordance therewith, then this obligation shall be void; otherwise it shall re-
main in full force and effect until the reclamation is completed as outlined in
the approved Mining and Reclamation Plan.

If the said approved plan provides for reclamation of the land affected
on a piecemeal or cyclic basis, and said land is reclaimed in accordance with
such plan, then this bond may be reduced periodically.

In the converse, if the said plan provides for a gradual increase in
the area of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

NOTE: Where one signs by virtue of Power of Attorney for a surety
company, such Power of Attorney must be filed with this bond. If the principal
is a corporation, the bond shall be executed by its duly authorized officers with
the seal of the corporation affixed.

KELMINE CORPORATION

Principal (Company)

Date: 8/28/79By: James M. Hansen V.P.
Company Official - positionTHE HOME INDEMNITY COMPANY

Surety (Company)

Date: 8/28/79By: Lorene Mountain
Official of Surety - Position
Lorene Mountain, Attorney-in-fact

FROM

THE HOME INDEMNITY COMPANY

Manchester, New Hampshire

KNOW ALL MEN BY THESE PRESENTS: That THE HOME INDEMNITY COMPANY, a corporation organized and existing under the laws of the State of New Hampshire, with Principal Office in the City of Manchester, in the County of Hillsboro, in the State of New Hampshire pursuant to the provisions of its by-laws, which were adopted by the Directors of the said Company on November 9, 1972, to be effective January 1, 1973, and amended by the Directors of the said Company at a Meeting held on January 8, 1973 to wit:

Article VIII, Section 2 as follows:

The President or any Vice President, acting with any Secretary or Assistant Secretary may appoint by written power of attorney, for purposes only of executing and attesting bonds and undertakings, and other writings obligatory in the nature thereof, one or more Attorneys-in-Fact, and at any time may remove any such Attorney-in-Fact and revoke the power and authority given to him. The signatures of such officers and the seal of the Corporation may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Corporation and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking to which it is attached.

All bonds and undertakings, recognizances, contracts of indemnity and all other writings obligatory in the nature thereof, shall be signed by either the President, any Vice President, or Attorney-in-Fact and shall have the seal of the Corporation affixed thereto. The President and all Vice Presidents shall each have authority to sign such instruments, the Vice Presidents to have such authority whether the President be absent or incapacitated or not, and all Secretaries and Assistant Secretaries shall each have authority to seal and attest such instruments.

does hereby nominate, constitute and appoint

CHARLES E. MITTON or DONALD E. SKOTHEIEN or LORENE MOUNTAIN of DENVER, COLORADO
its true and lawful agent and attorney in fact with authority to make, execute and deliver, for and on its behalf, as surety, and as its act and deed, any and all bonds and undertakings.

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company as fully and amply, to all intents and purposes, as if they were duly executed by the regularly elected officers of said Company.

IN WITNESS WHEREOF, THE HOME INDEMNITY COMPANY has caused these presents to be signed by its Vice President, and its Secretary, and its corporate seal to be hereto affixed this 27th day of APRIL, 1973.
(Corporate Seal) (Signed)

Attest



Frank E. Englert
Ass't Secretary

A. D. Thompson
Vice President

STATE OF NEW YORK, }
COUNTY OF NEW YORK. } ss.:

On this 27th day of APRIL, 1973, before the subscriber, a Notary Public of the State of New York, duly commissioned and qualified, came A. D. THOMPSON Vice President and FRANK E. ENGLERT Ass't Secretary of THE HOME INDEMNITY COMPANY, to me personally known to be the individuals and officers described in, and who executed the preceding instrument, and they acknowledged the execution of the same, and being by me duly sworn, deposed and said, that they are the officers of said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and their signatures as officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation, and that Article VIII, Section 2 of the By-Laws of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at the City of New York the day and year first above written.

(Notarial Seal)

Muriel R. Russell
MURIEL R. RUSSELL
NOTARY PUBLIC, State of New York
No. 24-3407050, Qual. in Kings Co
Certificate Filed in New York County
Commission Expires March 30, 1975
Notary Public

STATE OF NEW YORK, }
COUNTY OF NEW YORK. } ss.:

I, FRANK E. ENGLERT Ass't Secretary of THE HOME INDEMNITY COMPANY, do hereby certify that the foregoing is a just, true, correct and complete copy of original Power of Attorney; that the said Power of Attorney has not been revoked or rescinded and that the authority of the Attorney(s) in Fact set forth therein, who executed the bond to which this Certificate is attached, is in full force and effect as of this date.

Given under my hand and the seal of the Company, at New York, New York, this 28th day of August, 1979



Frank E. Englert
Assistant Secretary